



## 3M2017 RESULTS

Investor presentation

11 May 2017



# The Kofola Group

One of the most significant producers of non-alcoholic beverages in Central and Eastern Europe



**Revenues 3M17: € 50M**  
**EBITDA 3M17: € 3M**



**7 production plants**



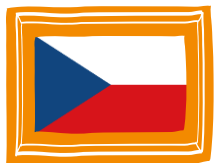
**2,100 employees**



countries for expansion

EUR/CZK ex. rate: 27.02

# Kofola Group in figures



CZECHIA

- **No. 2 player** in the soft drinks market
- **Kofola and Jupí the most trustful brands in 2016 survey**
- **3<sup>rd</sup> most admired company in 2016 survey**



SLOVAKIA

- **No. 1 Player** in the soft drinks market both in Retail & HoReCa
- **35% HoReCa market share**



POLAND

- **No. 2 syrup brand**
- **No. 3 cola brand**
- **Leading private label soft drinks producer**



SLOVENIA

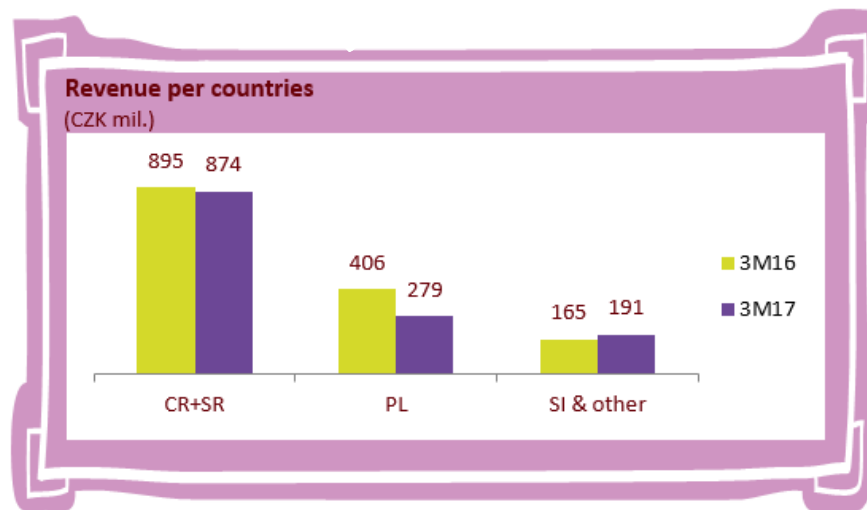
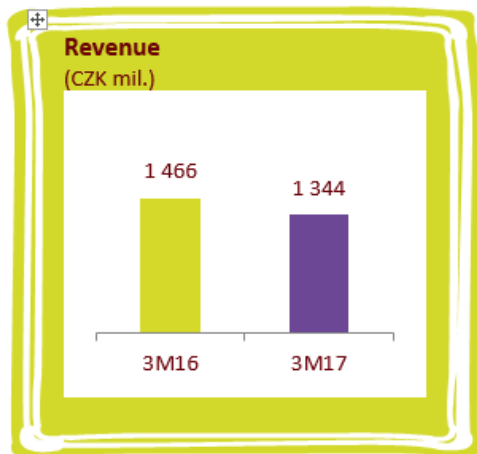
- **No. 1 player in the soft drinks market in Slovenia**
- **No. 1 water brand in both Retail & HoReCa**



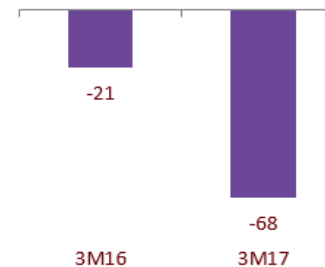
CROATIA

- **No. 2 water brand**
- **No. 2 syrup brand**

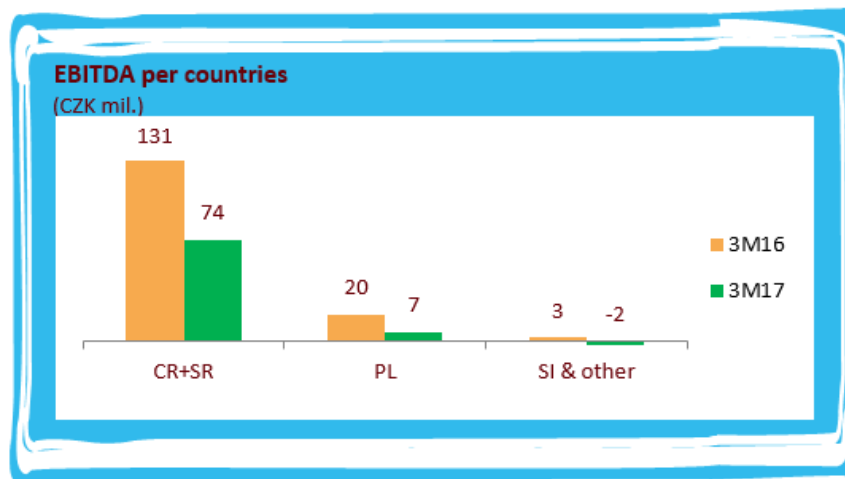
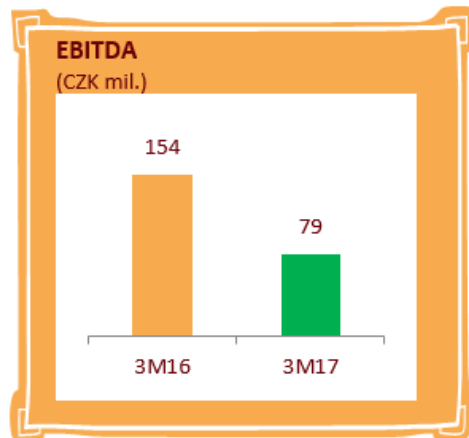
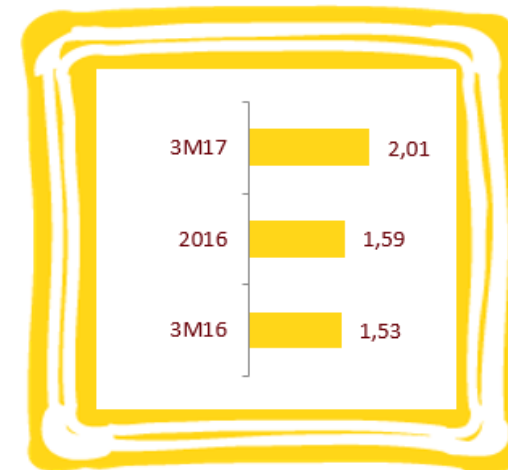
# Kofola Group Key Highlights\*



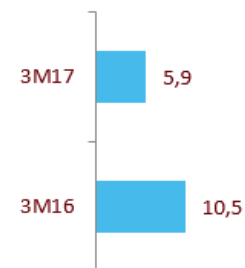
**Profit for the period**  
(CZK mil.)



**Net debt / EBITDA**



**EBITDA margin**  
(%)



\* adjusted for one-offs

# Results of Kofola Group - 3M17

Reconciliation of reported and adjusted results	Reported CZK mil.	One-offs CZK mil.	Adjusted CZK mil.
Revenue	1 343.5	-	1 343.5
Cost of sales	(875.4)	2.1	(873.3)
<b>Gross profit</b>	<b>468.1</b>	<b>2.1</b>	<b>470.2</b>
Selling, marketing and distribution costs	(440.8)	-	(440.8)
Administrative costs	(89.8)	1.6	(88.2)
Other operating income/(expense), net	13.0	(11.9)	1.1
<b>Operating result</b>	<b>(49.5)</b>	<b>(8.2)</b>	<b>(57.7)</b>
<b>EBITDA</b>	<b>87.2</b>	<b>(8.2)</b>	<b>79.0</b>
Finance costs, net	(12.8)	-	(12.8)
Income tax	1.8	0.2	2.1
<b>Profit for the period</b>	<b>(60.5)</b>	<b>(8.0)</b>	<b>(68.4)</b>
- attributable to shareholders of the parent	(59.5)	(8.0)	(67.5)

## One-offs:

- Costs connected with maintenance of Bielsk production hall – CZK 2.1 mil.
- Costs connected with SAP implementation in Adriatic – CZK 1.6 mil.
- Net profit of CZK 9.0 mil. – from the sale of a production line in Poland.
- Net profit of CZK 2.9 mil. – from the sale of a warehouse in Adriatic region.

# Group Results Comparison\*

Results comparison	3M17	3M16	Change	Change
	CZK mil.	CZK mil.	CZK mil.	%
Revenue	1 343.5	1 466.3	(122.8)	(8.4%)
Cost of sales	(873.3)	(949.9)	76.6	(8.1%)
<b>Gross profit</b>	<b>470.2</b>	<b>516.4</b>	<b>(46.2)</b>	<b>(8.9%)</b>
Selling, marketing and distribution costs	(440.8)	(386.9)	(53.9)	13.9%
Administrative costs	(88.2)	(104.1)	15.9	(15.2%)
Other operating income, net	1.1	0.9	0.2	25.1%
<b>Operating result</b>	<b>(57.7)</b>	<b>26.3</b>	<b>(84.0)</b>	<b>(319.5%)</b>
<b>EBITDA</b>	<b>79.0</b>	<b>153.8</b>	<b>(74.8)</b>	<b>(48.7%)</b>
Finance costs, net	(12.8)	(39.1)	26.3	(67.2%)
Income tax	2.1	(8.3)	10.4	(124.7%)
<b>Profit for the period</b>	<b>(68.4)</b>	<b>(21.1)</b>	<b>(47.3)</b>	<b>223.6%</b>
- attributable to shareholders of the parent	(67.5)	(20.6)	(46.8)	226.9%

- Revenue decrease attributable to Poland and Czechia (syrops and Kofola), partly offset by growth of sales in Adriatic region and Slovakia (Rauch, Semtex, Kofola) and increased sales in Ugo.

- Lower gross profit influenced by increased prices of sugar.

- Selling costs increasing, net effect of increased costs in Adriatic (19 MCZK) due to building of the sales team and Studenac acquisition, increased costs in Ugo (21 MCZK), increased costs in CzechoSlovakia (higher bad debts, increased logistic costs in Slovakia), only partly compensated by decreased costs in Poland.

- Decreased admin costs, net effect of decreased costs in Poland which exceeded increased costs in Adriatic due to acquisition of Studenac.

- Net finance costs decreased due to decreased exchange losses (10 MCZK) and decreased loss from revaluation of derivatives (17 MCZK).

**The Group's Revenue without Poland increased by CZK 4 mil. (0.4%).**

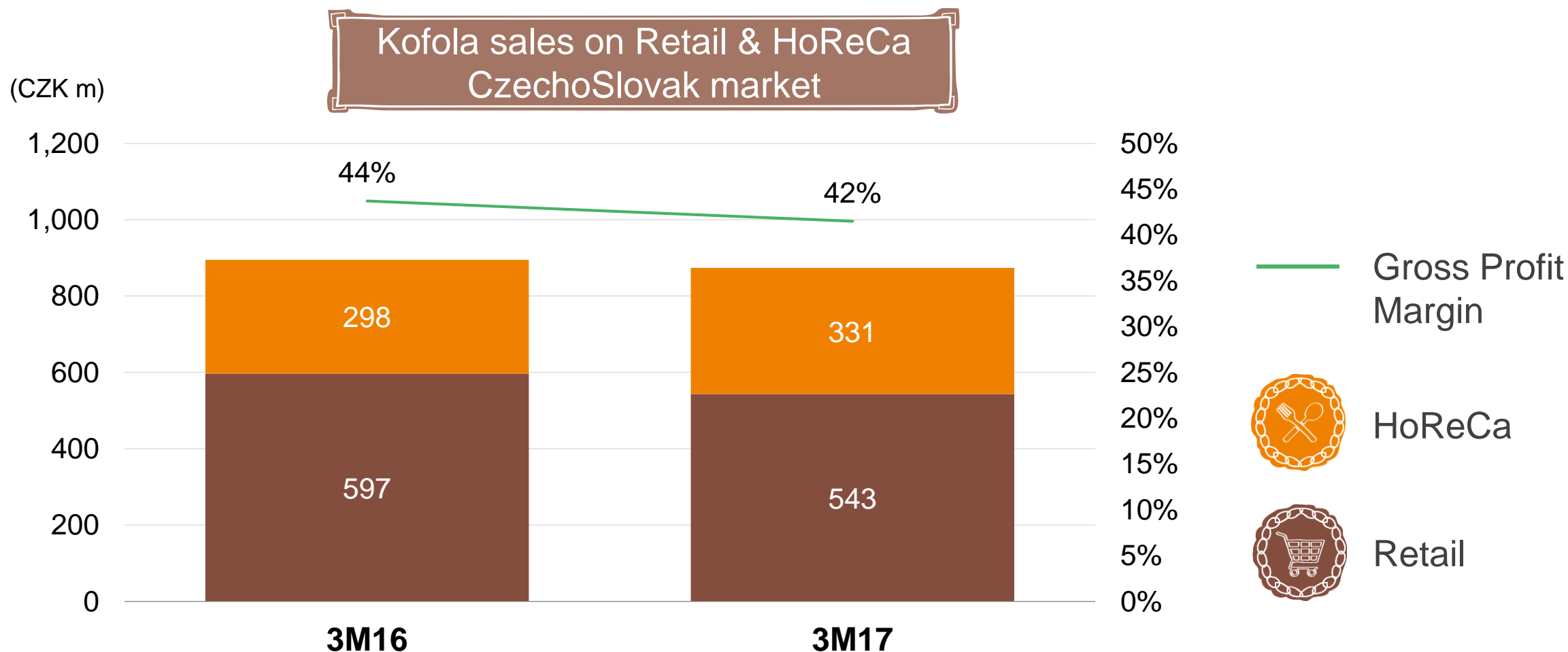
\* adjusted for one-offs



# Country Overview



# CZ & SK: Solid results & strong brands position

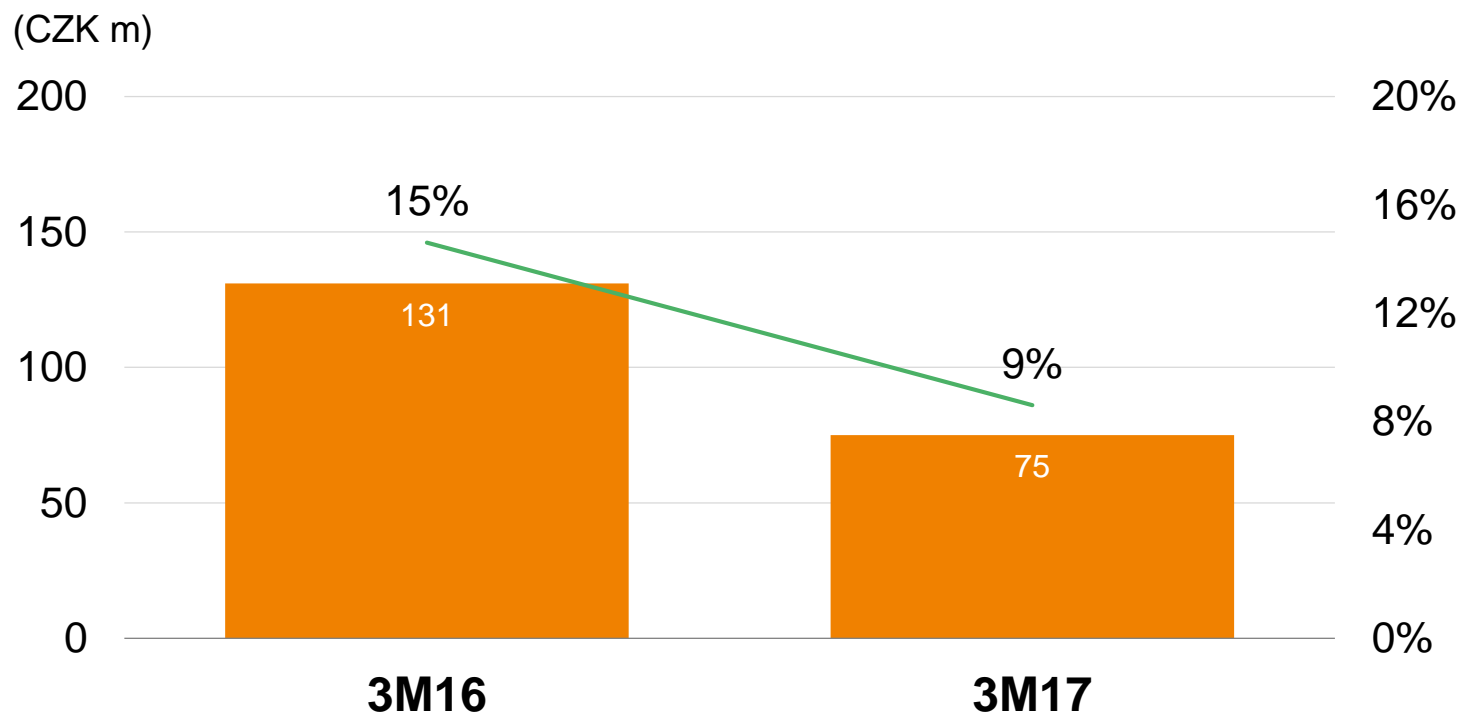




# Key CzechoSlovak segment: high EBITDA share



## Adjusted EBITDA & EBITDA margin



- 3M16 EBITDA margin reflects high operational efficiency due to high market share and share of HoReCa business. 3M17 influenced by lower sales due to shift of Easter, increased prices of sugar and increased selling and marketing costs which will generate increased revenues in later periods.

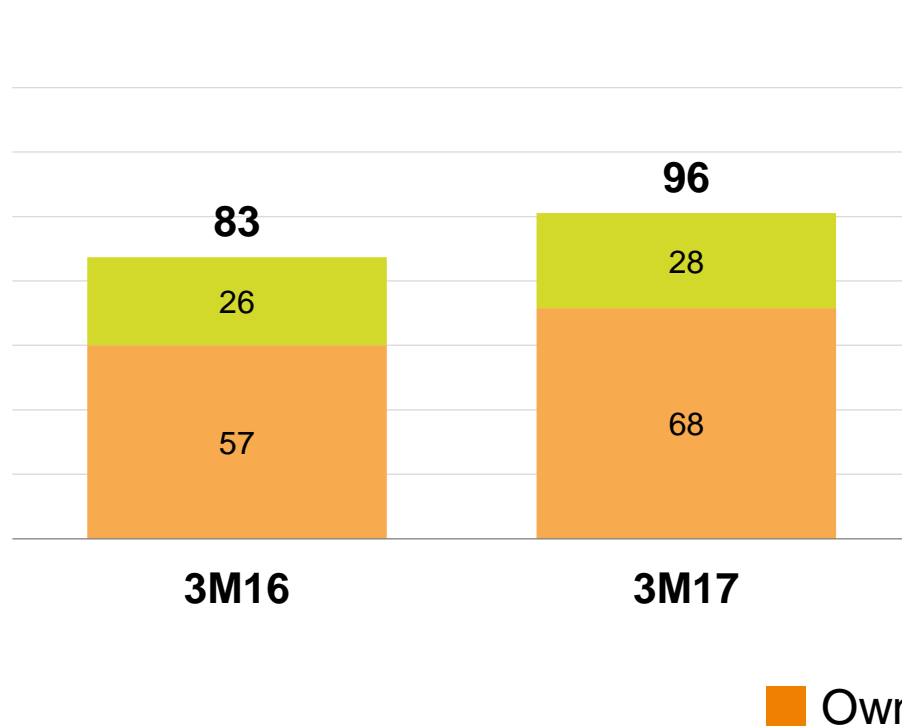
Share in group's  
EBITDA: 94%

# Fresh juice concept committed to a healthy lifestyle

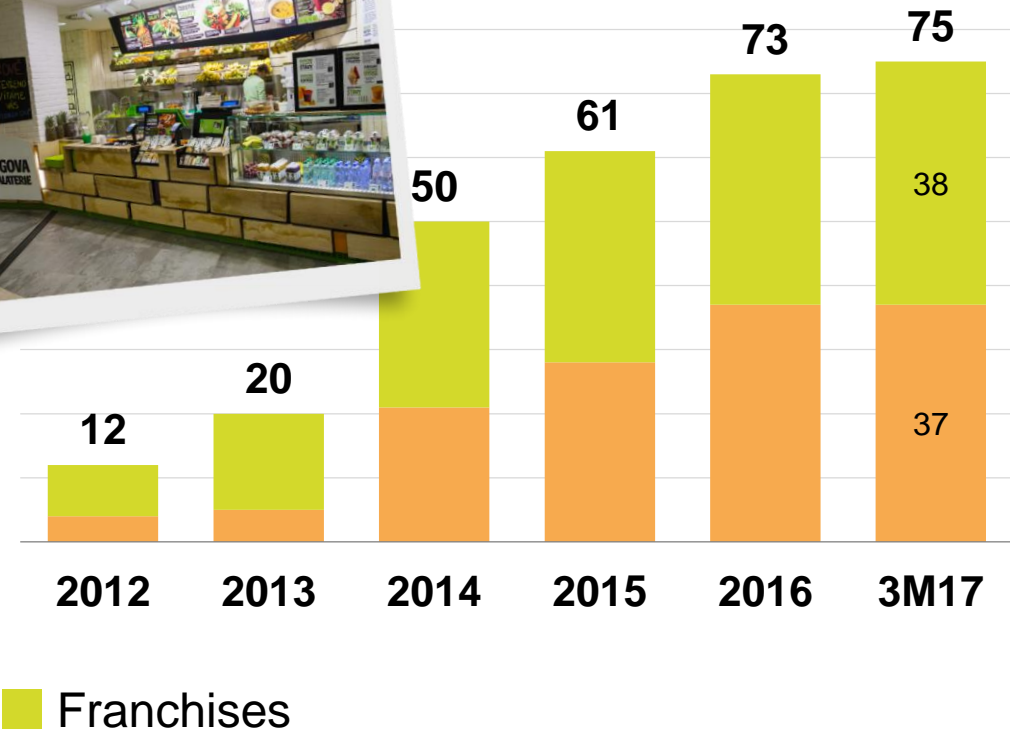


Mr. Ugo sales + Ugo franchise sales

(CZK m)

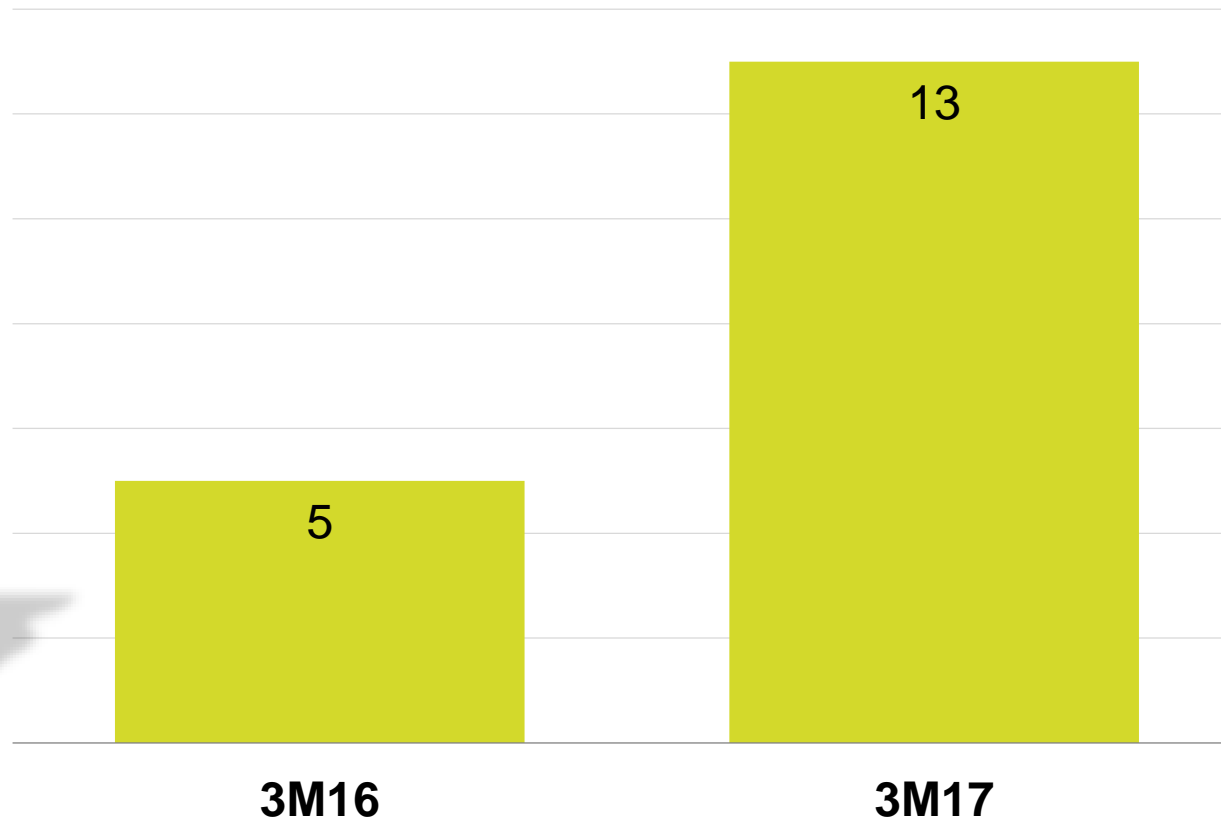


Substantial increase in number of bars

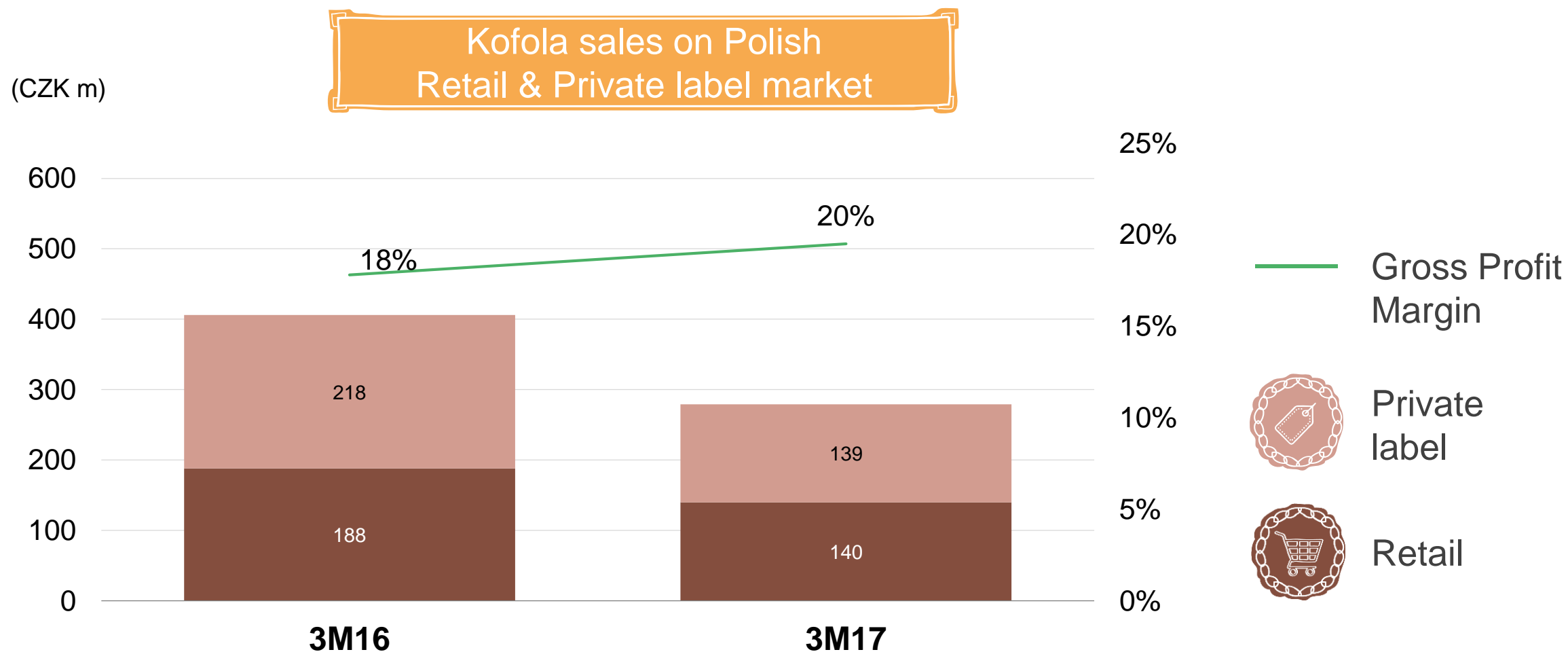


# Excellent growth of Ugo bottles sales

(CZK m)



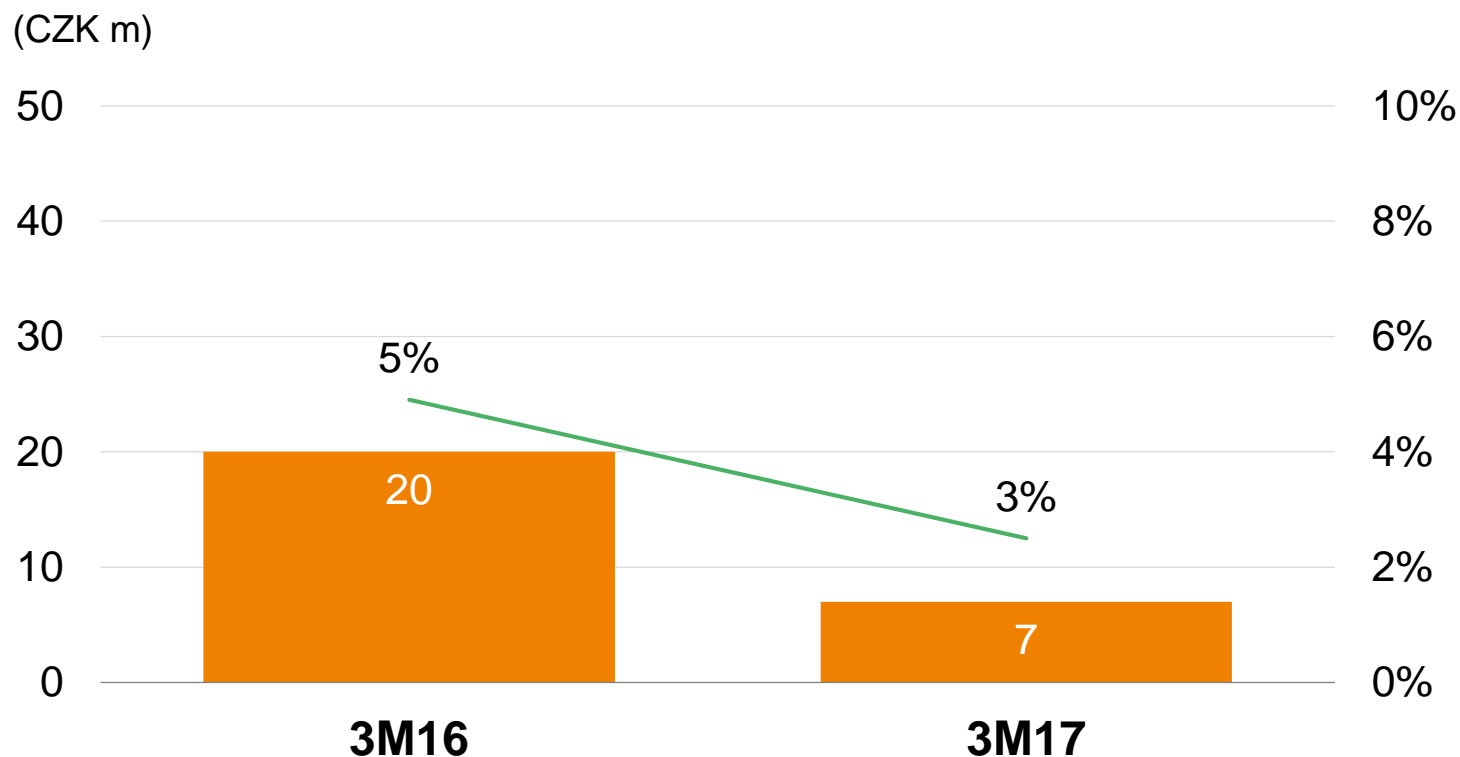
# Polish market: Increasing gross profit margin, decreasing share of Private labels



# Ebitda margin decrease



## Adjusted EBITDA & EBITDA margin



- Market investments should be financed by further cost reduction resulting from business optimization

Share in group's  
EBITDA: 8.7%  
(3M16: 13.1%)

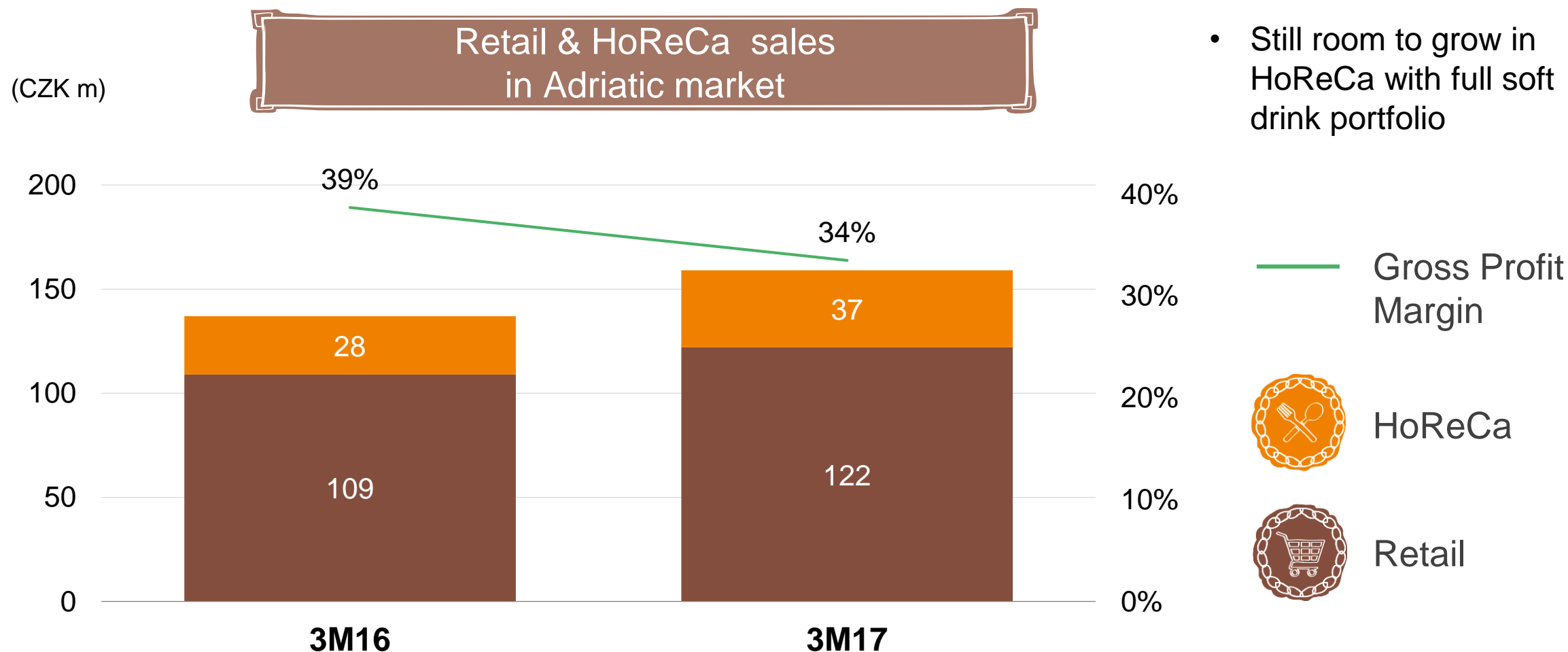
# New Polish strategy - project up to 2018

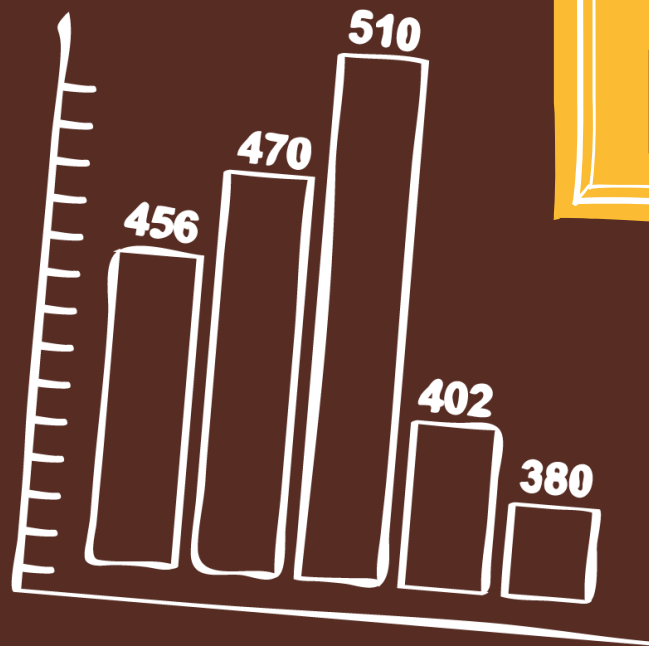


- New management appointed
- Production efficiency optimization with focus on own brands, supported by private labels
- Development/acquisitions of additional 2–3 brands
- Lower sales but standard profitability (10%)
- Discontinuation of production in Bielsk Podlaski with concentration of production in two remaining production facilities will lead to improved competitiveness

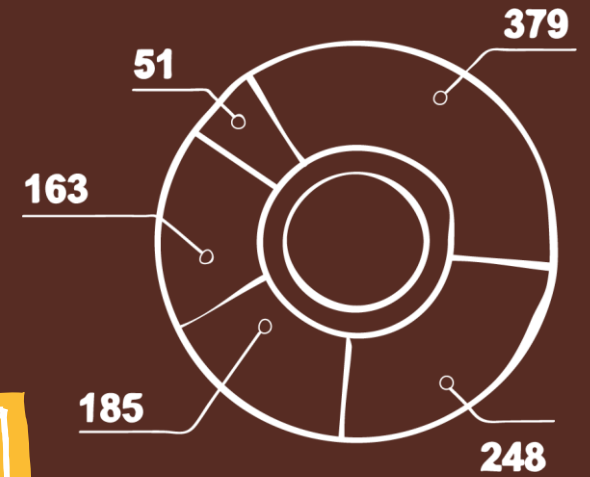


# Adriatic market: Developing strong brands





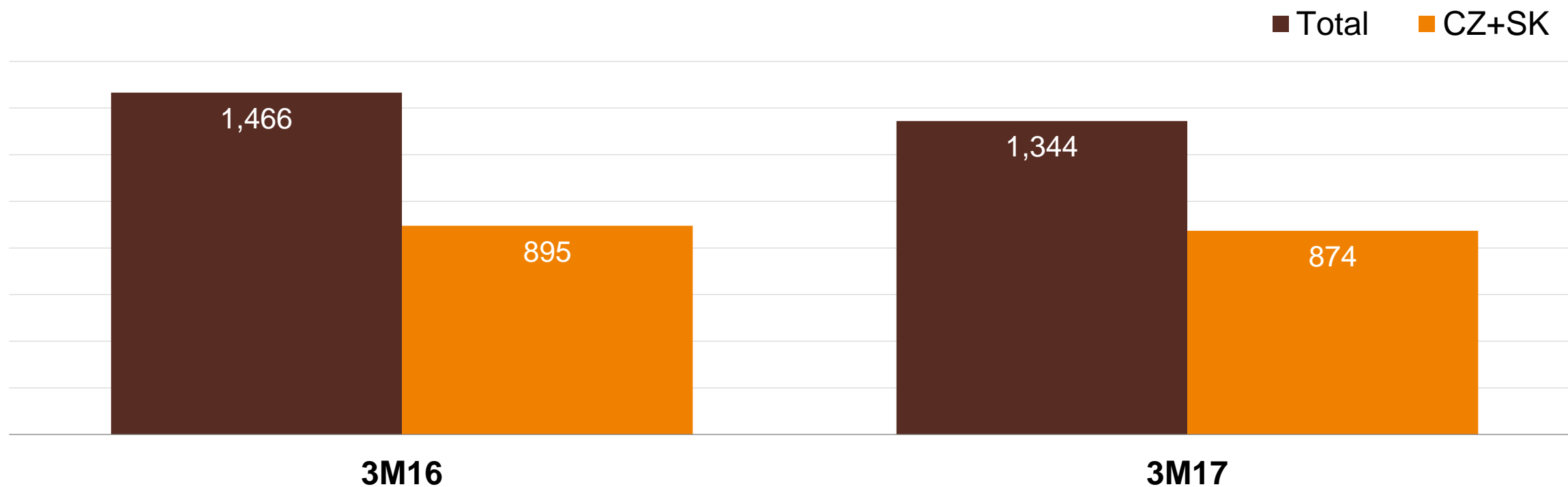
# Consolidated Financial Performance Indicators





# Consolidated Revenues

(CZK m)

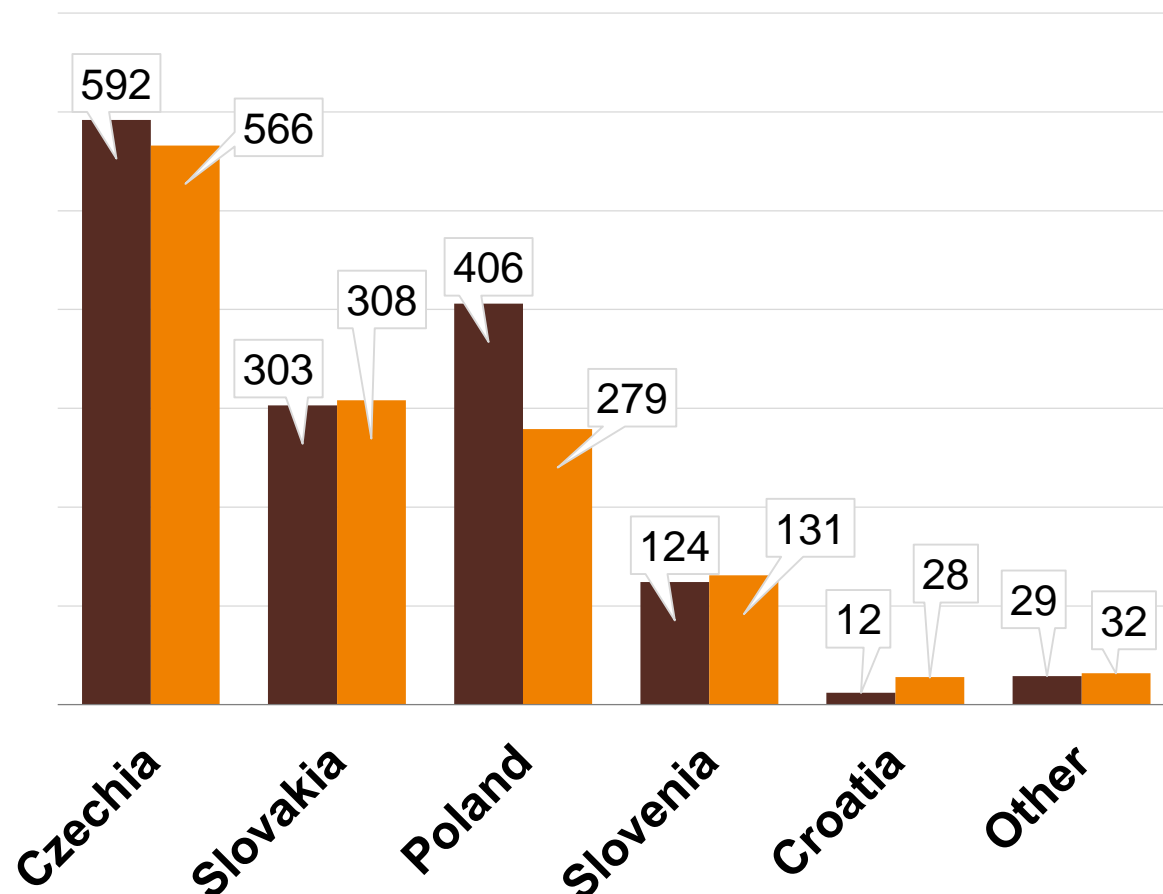


- 3M17 – Revenue decrease attributable to Poland and Czechia, partly offset by growth of sales in Adriatic region and Slovakia and increased sales in Ugo.

# Geographical segment sales (MCZK)

(CZK m)

■ 3M16 ■ 3M17



- **Czech Republic**

Revenues decreased by 4.3%, also due to shift of Easter to 2Q17 which had effect on lower sales of Kofola. Syrup sales lower when compared to 3M16 but exceeding budget, this category is sensitive to increased purchasing power of customers. UGO increased revenue by 30.8%.

- **Slovakia**

Revenues flat, but keeping leading position in both Retail and HoReCa segment in terms of market share. Sales in our most profitable HoReCa and Impulse channels grew, Impulse by double digits.

- **Poland**

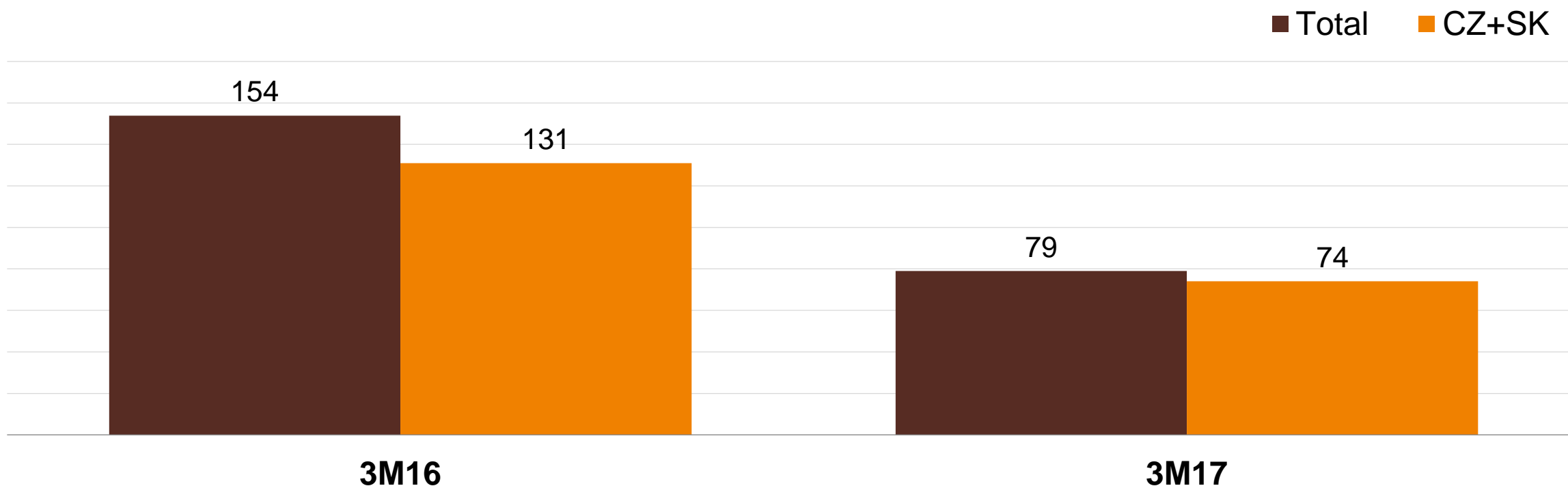
Revenue decreased by 31.2%, mainly due to lower sales of private labels and brands in traditional channel.

- **Adriatic region**

Adriatic segment shown increased revenue by 16.4% thanks to PepsiCo distribution in Croatia and acquisition of Studenac.

# Consolidated adjusted EBITDA

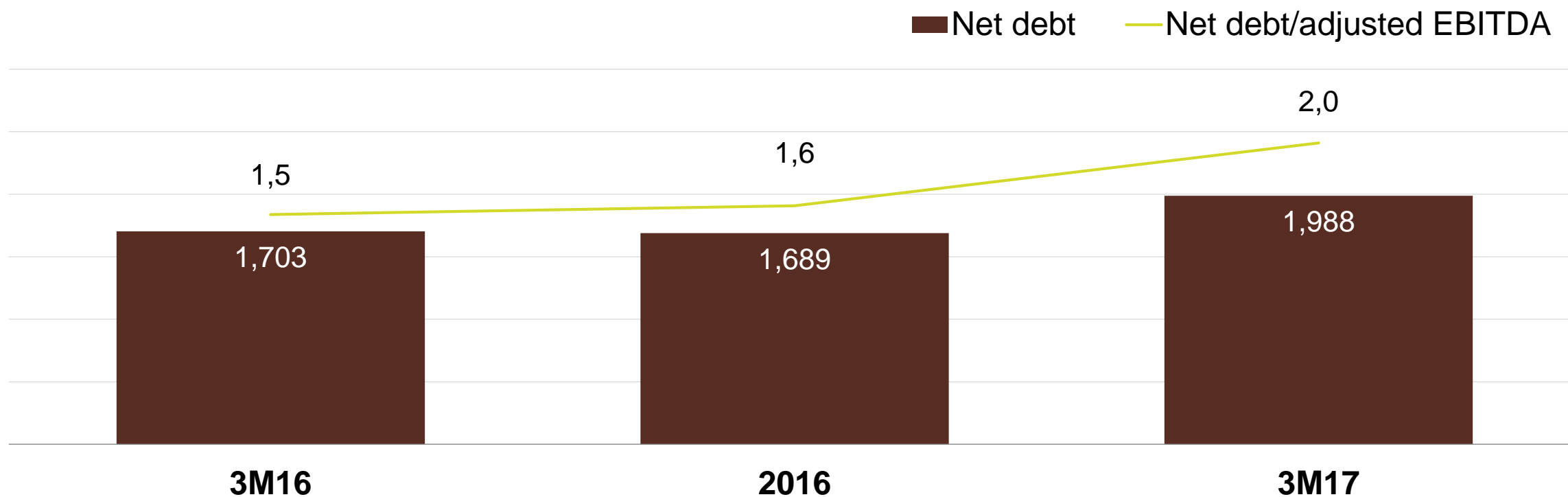
(CZK m)



The net decrease of EBITDA is caused by decreased performance in Poland and CzechoSlovakia which was not fully compensated by increased performance in Slovenia. The EBITDA achieved by the Group in Poland decreased as a result of decreased sales mainly of private labels. The EBITDA in the Czech Republic decreased due to lower sales of Kofola and Jupi syrups and increased selling and marketing expenses which should result in increased sales in later periods.

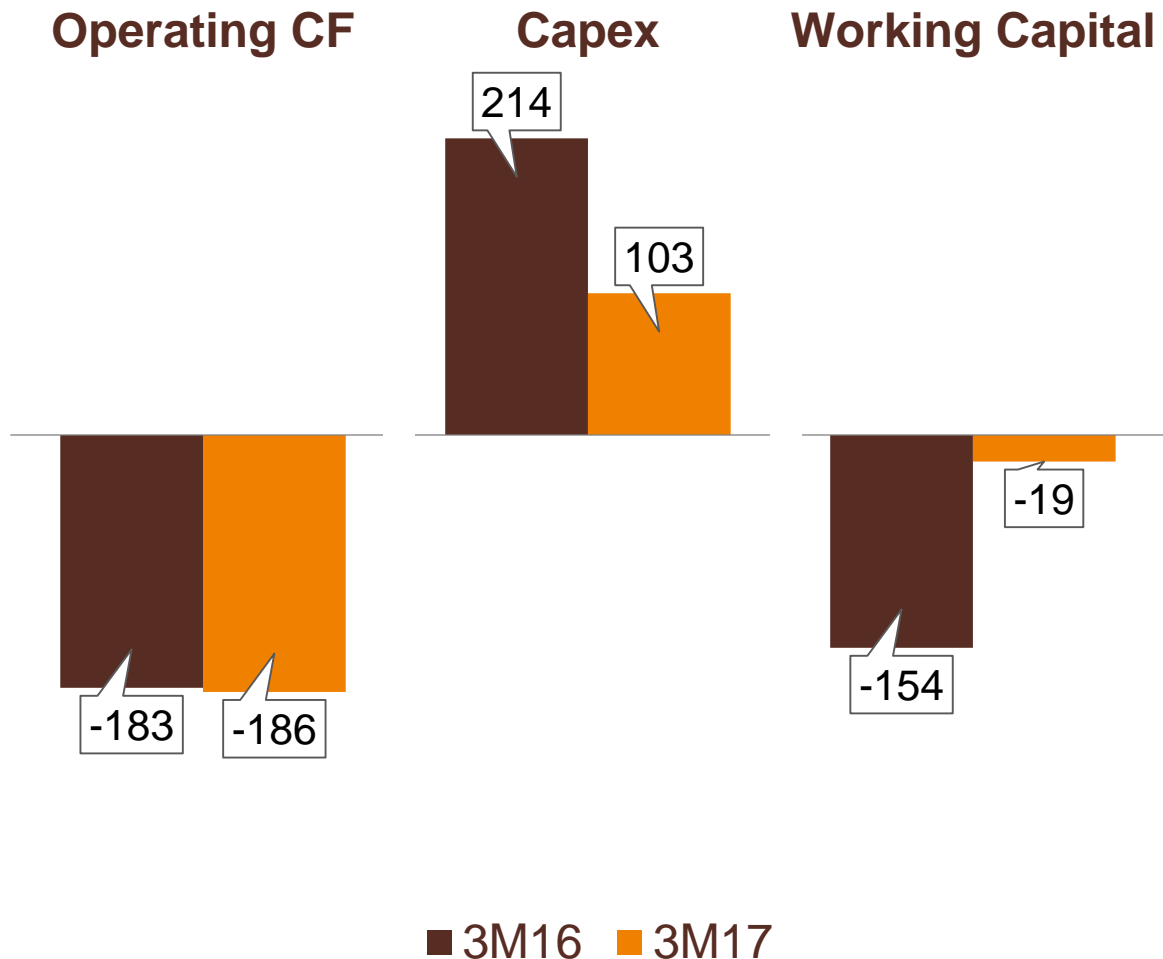
# Consolidated NET DEBT

(CZK m)



- Net debt in 3M17 vs. 2016 influenced by decreasing cash (1Q17 is off-season) exceeding decrease of debt.
- Decrease of cash in 3M17 vs. 2016 due to capex and working capital changes.

# Operating cash flow, Capex and Working Capital (CZK mil.)



- Operating CF on the same level as in 3M16, thanks to positive working capital cash flow effect (vs. 3M16) despite decreased profit.
- Decrease of Capex – comparative figure influenced by the payment of the new production hall in Poland (CZK 100 mil.)
- Increase of working capital influenced by the decrease of trade payables, mainly in Poland and increase of trade receivables, mainly in CzechoSlovakia.

# Acquisitions

## Studenac

- Continuing integration (sales team, SAP, production processes).
- Decrease of revenues because customers did a frontloading before the takeover and timing of the takeover (at 2016 YE – lack of time for the change of business model, marketing campaigns).
- Rising revenues in Croatia thanks to sales of Radenska and Pepsi.
- Croatian market in a crisis due to bankruptcy of Agrokor/Konzum (our receivable only EUR 100 thousand). When this crisis is over, it could be an opportunity to further increase our market share due to the end of Agrokor monopoly.

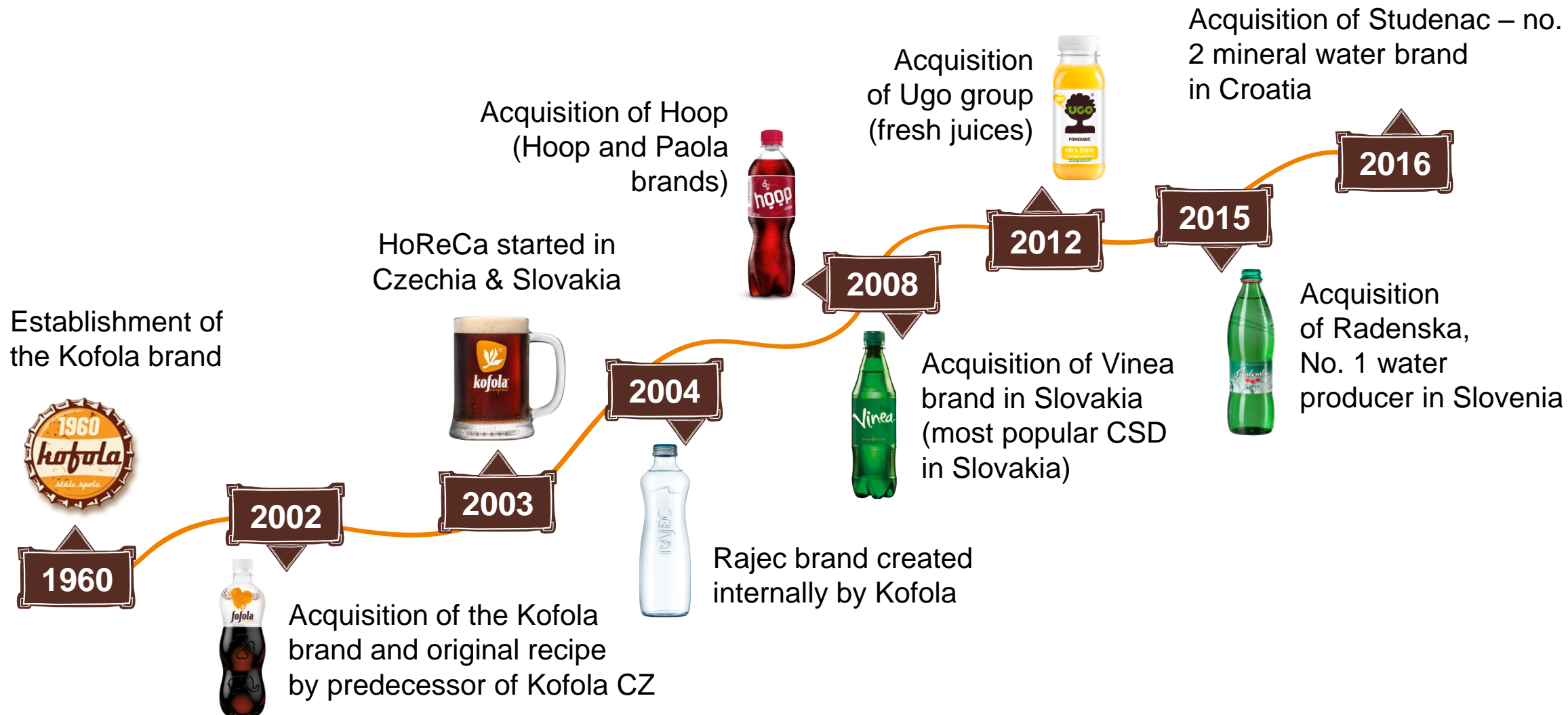


- The biggest salad producer in Czechia, expected effect of CZK 50 mil. on 2017 revenues.
- Production of approx. 5000 salads daily.
- We will acquire a production division for tens of millions CZK.
- We will not acquire the wholesale of fruit and vegetables.
- The takeover is expected in June 2017.
- Our goal – to strengthen UGO in another fresh food segment – Retail.



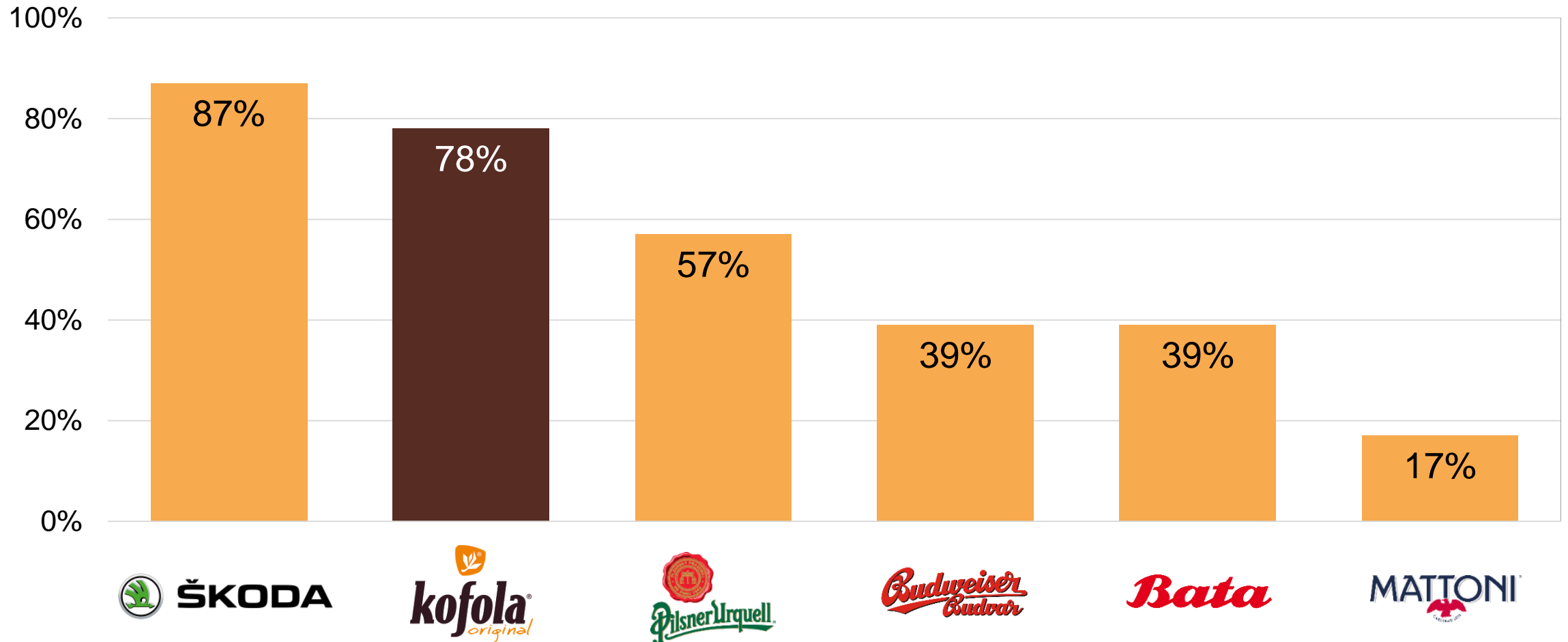
# Kofola INFO

# History of successful acquisitions and development





# Kofola is 2<sup>nd</sup> best traditional Czech brand



The complete  
portfolio of  
strong brands



# Segment positions

Legend:

	PL	CZ	SK	SI
<div>○ Leader</div> <div>○ Viceleader</div>				
<b>Cola beverages</b>	3	2	1	3
<b>Carbonated beverages</b>	-	3	1	2
<b>Waters</b>	-	3	2	1
<b>Syrups and concentrates</b>	2	1	2	-
<b>Beverages for children</b>	6	2	2	-
<b>Energy drinks</b>	-	4	5	-

Strong second position in Czech market and leading position in Slovak market.

Leading position in carbonated beverages segment in Slovakia was achieved due to acquisition and further development of Vinea brand.

No. 1 in the natural spring waters in Slovakia and Slovenia. Position achieved due to innovations.

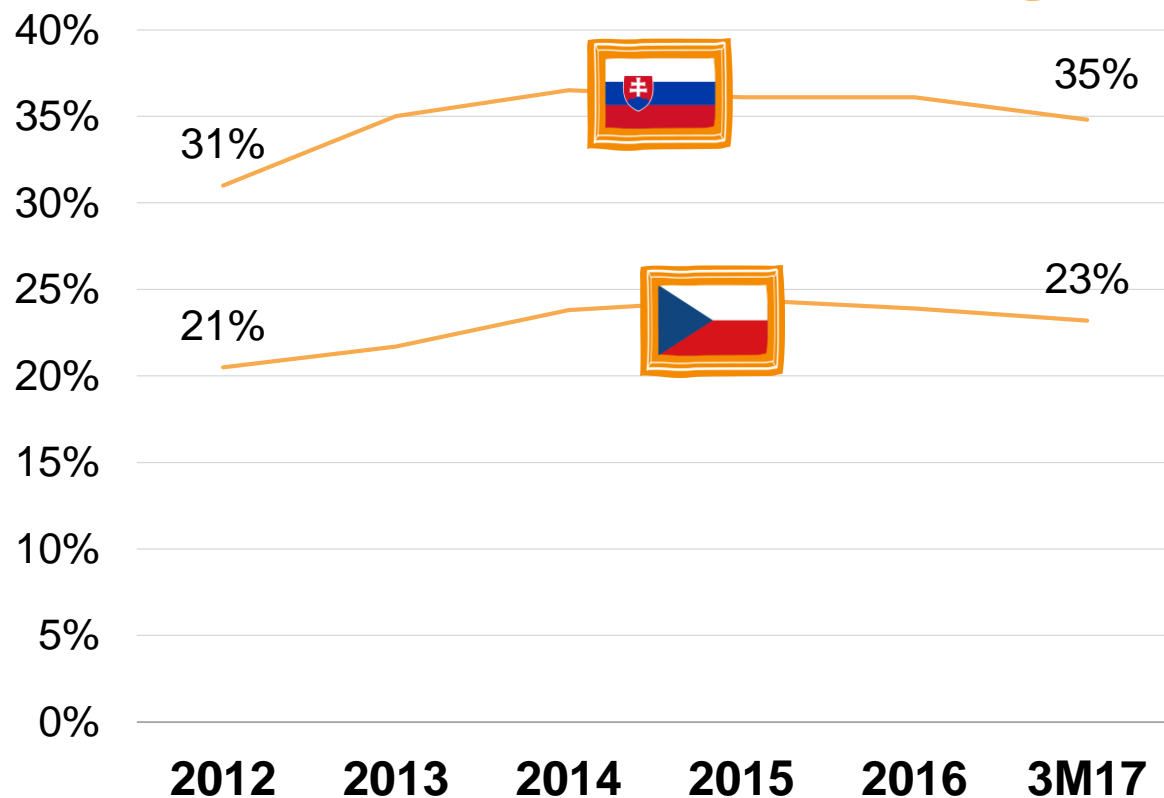
Jupi is a clear leader in the syrup segment in the Czech Republic and a viceleader in Slovakia thanks to implemented innovations. Second place of Paola syrup in Poland.

Innovative activities in the segment of beverages for children in the Czech and Slovak markets (Jupík, Jupík Aqua).

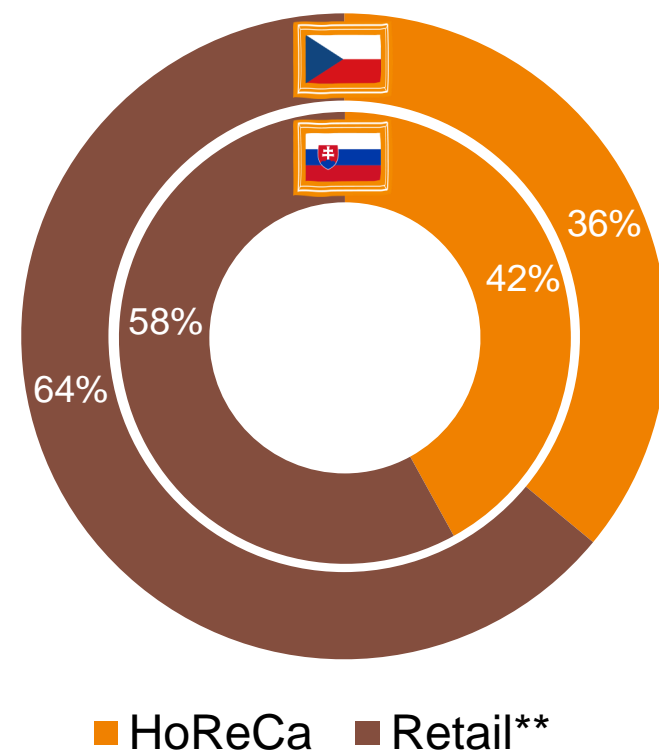
Energy drink Semtex since acquisition in 2011 strengthens its position in the Czech Republic and Slovakia.

# HoReCa channel: An important part of our business

Kofola share in HoReCa channel\*



Kofola HoReCa sales in total sales 3M17

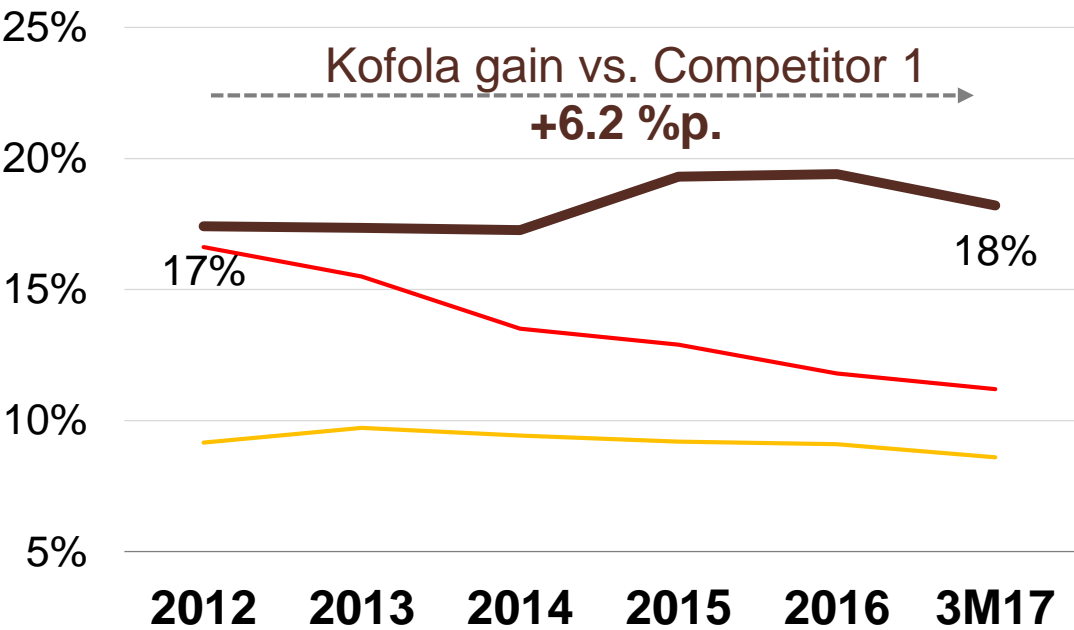
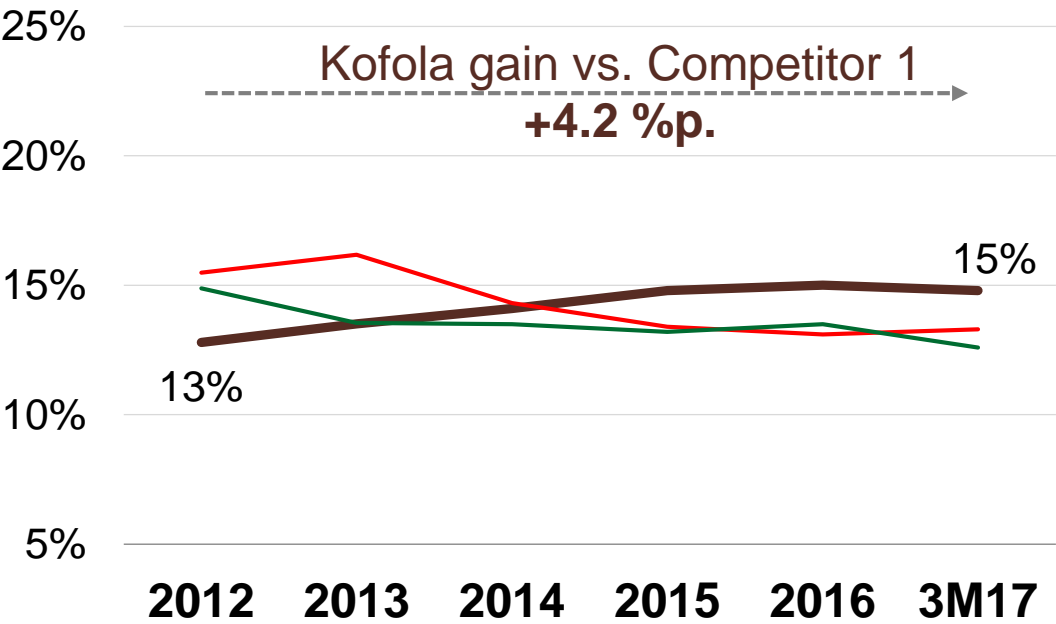


\* based on Data Servis and Canadean (volume terms); \*\* including private label

# Kofola can successfully compete with global brands in Retail



Kofola Retail market share (VALUE)



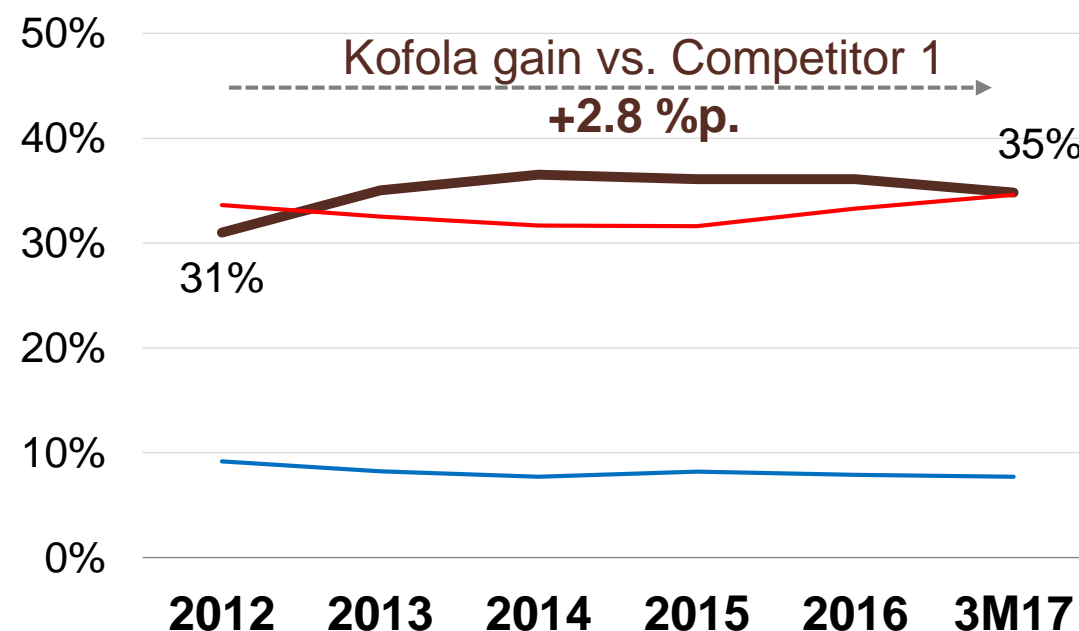
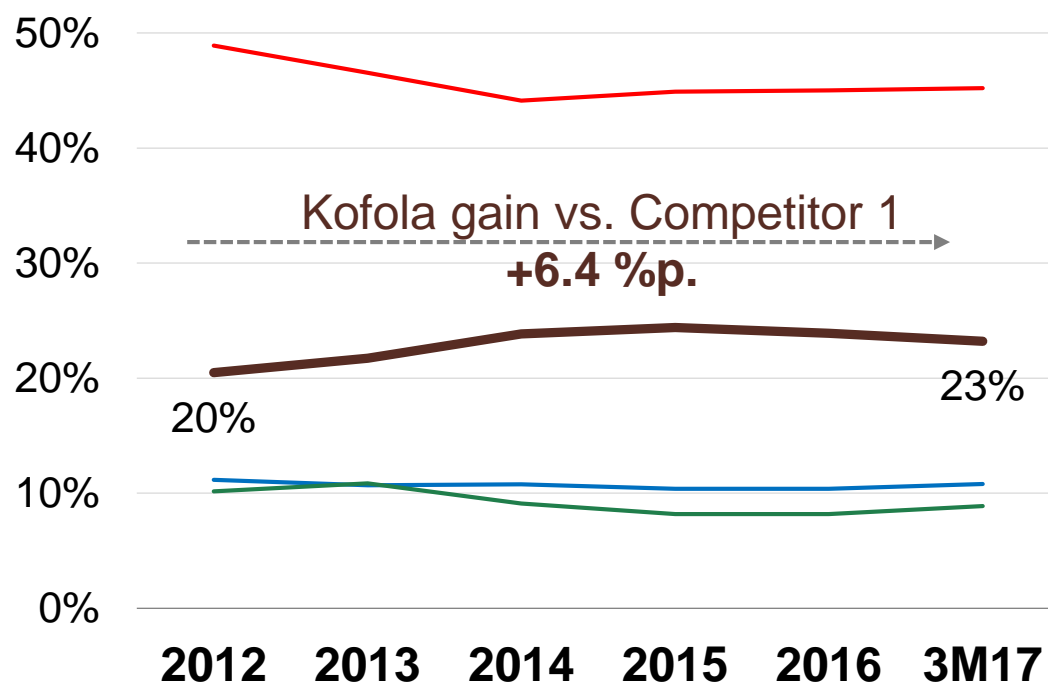
— Kofola    — Competitor 1    — Competitor 2    — Competitor 3

Based on AC Nielsen and Data Servis, Kofola incl. exclusively distributed brands, Kofola gain vs. Competitor 1 calculated between 2017 and 2012

# Kofola can successfully compete with global brands in HoReCa



Kofola HoReCa market share (VOLUME)



— Kofola — Competitor 1 — Competitor 2 — Competitor 3

# Experienced & stable team



**Jannis Samaras**

Board member, CEO, founder  
50.78% stake in Kofola



**Daniel Buryš**

Board member, CFO  
In Kofola since 2010



**Roman Zúrik**

Board member, Commercial Director  
In Kofola since 2011



**Jiří Vlasák**

Board member,  
Country manager Poland  
In Kofola since 2010



**René Musila**

Board member, COO  
In Kofola since 1993  
2.61% stake in Kofola



**Tomáš Jendřejek**

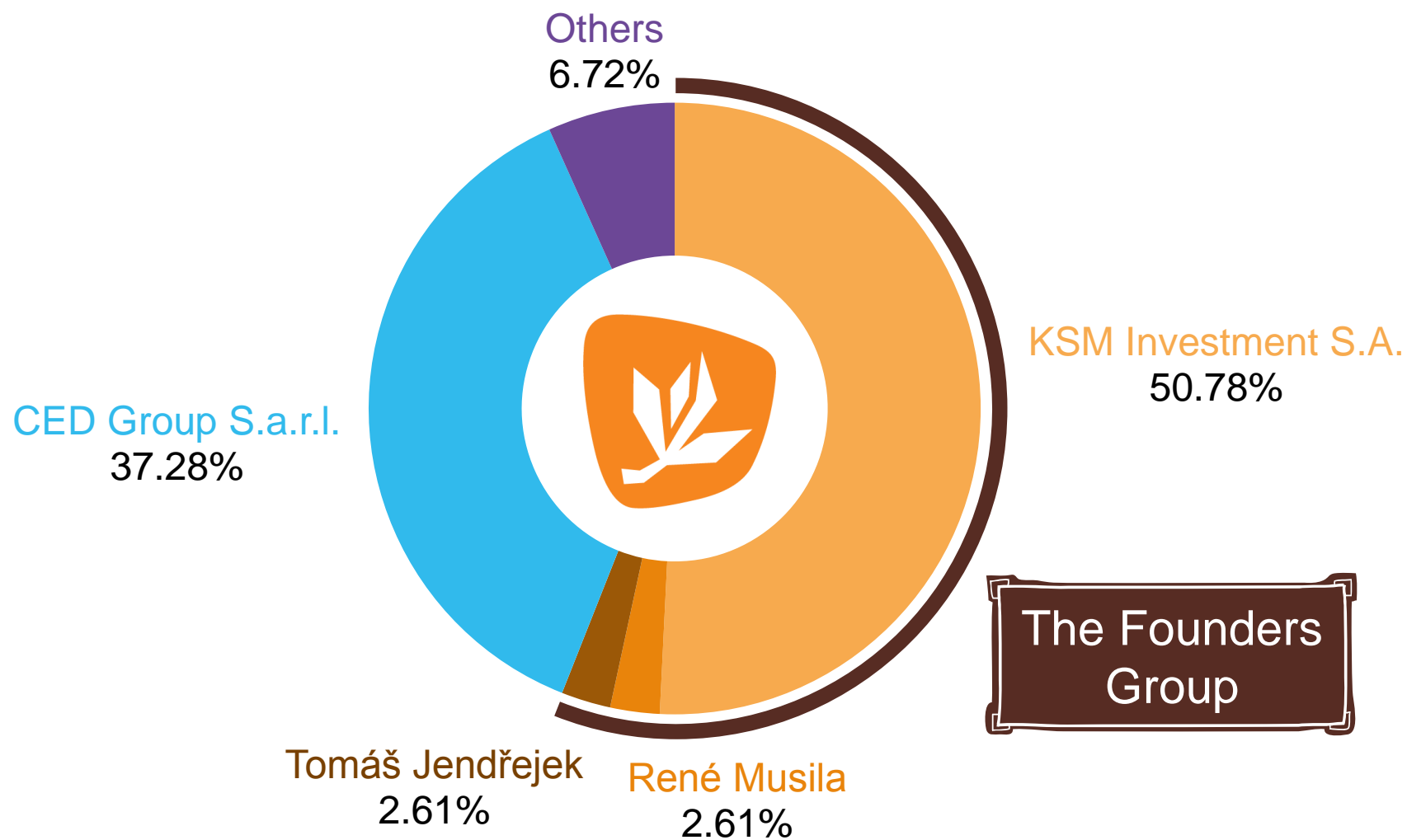
Board member, Procurement Director  
In Kofola since 1994  
2.61% stake in Kofola



**Marián Šefčovič**

Country Manager Slovenia  
In Kofola since 2002

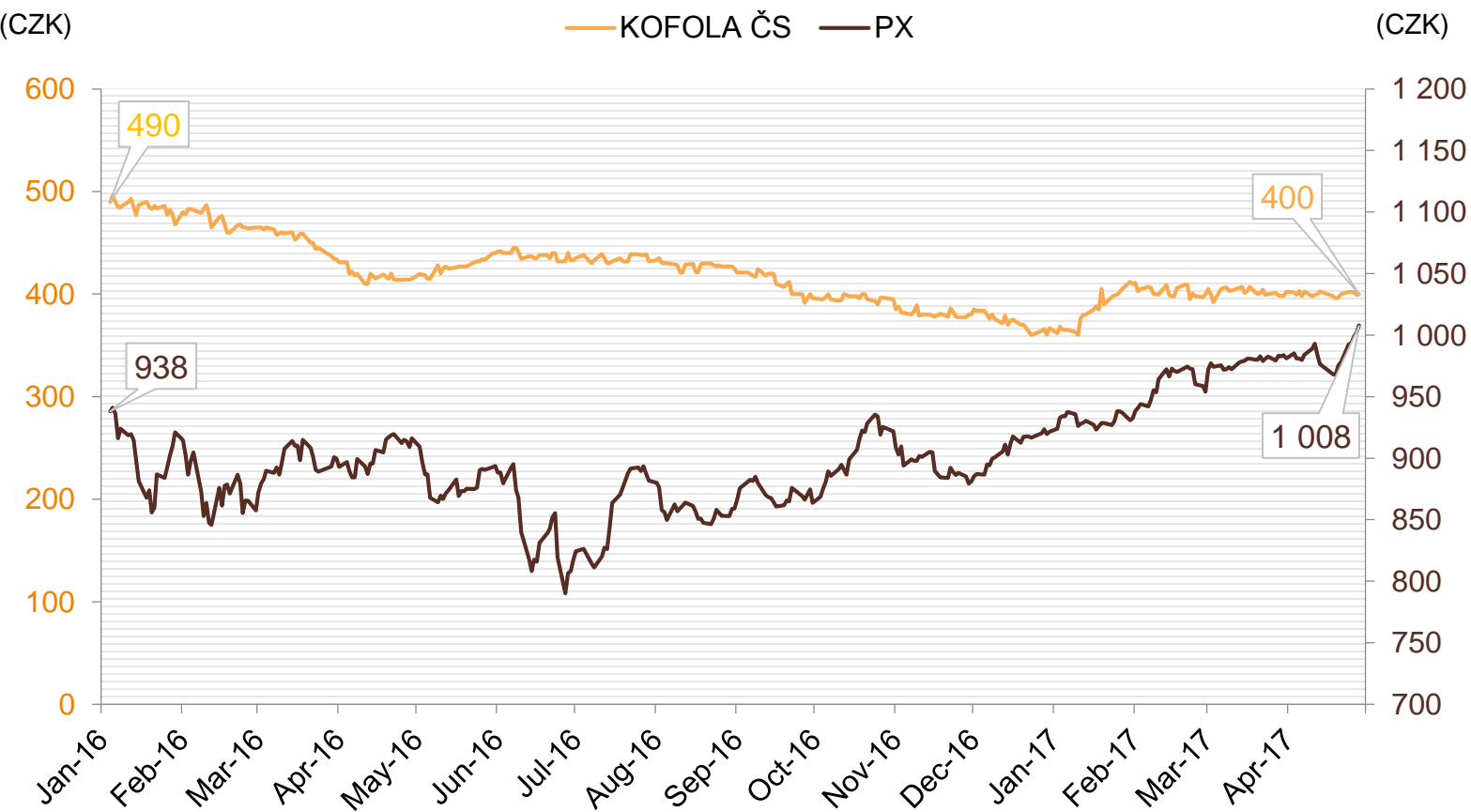
# Kofola Group ownership structure





# Share price information

Share price information	3M17
12M average share price	408 CZK
12M average daily transaction activity	1 531 pcs.





# Appendix

# Consolidated Income Statements

Adjusted consolidated financial results	3M2017**	3M2016**	2016*	2015*	2014*	2013*
	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000
<b>Revenue</b>	1,343,528	1,466,304	6,998,960	7,190,838	6,275 391	6,287,894
<b>Cost of sales</b>	(873,303)	(949,944)	(4,211,593)	(4,352,102)	(3,881 359)	(4,300,767)
<b>Gross profit</b>	470,225	516,360	2,787,367	2,838,736	2,394 032	1,987,127
<b>Selling, marketing and distribution costs</b>	(440,839)	(386,899)	(1,876,854)	(1,884,399)	(1,607 706)	(1,388,750)
<b>Administrative costs</b>	(88,190)	(104,058)	(403,059)	(385,491)	(317,937)	(273,591)
<b>Other operating income, net</b>	1,105	883	33,903	20,567	(25,564)	42,939
<b>Operating result</b>	(57,699)	26,286	541,357	589,413	442,825	367,725
<b>EBITDA</b>	78,962	153,787	1,064,360	1,102,614	914,820	800,398

\* Audited, \*\* Unaudited financial statements

In 2013, EBITDA was adjusted by one-off items: on the one hand impairment of goodwill, brands and fixed assets relating to Polish operations in a total amount of CZK 879 million and on the other hand profit from the significant disposal of fixed assets in the amount of CZK 19 million.

In 2014, EBITDA was adjusted by one-off item relating to impairment of investment in associate in the amount of CZK 44 million.

In 2015, EBITDA was adjusted by one-off items: qualitative product complaints in Hoop Poland connected with a poor quality of packaging material, the net impact on operating result is of CZK 103 million, CZK 70 million related to advisory costs related to acquisitions and restructuring project and positive effect of CZK 18 million related to court litigation against a competitor of the Group for protection against unfair competition and infringement of Kofola trademarks.

In 2016, EBITDA was adjusted by one-off items: closure of Bielsk and reorganization costs (CZK 3 mil.), merger, acquisition and due diligence costs (CZK 47 mil.), income of CZK 29 mil. from insurance income connected with qualitative product complaints and release of provision for legal case, costs of WSE delisting (CZK 3 mil.), impairment costs – in Polish operation CZK 70 mil. And CZK 126 mil. In Russian associate, assets impairments – CZK 24 mil.

# Consolidated Statements of Financial Position & Cash Flow Statements

Consolidated statement of financial position	31.3.2017***	31.3.2016***	31.12.2016	31.12.2015**	31.12.2014	31.12.2013
	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000
<b>Non-current assets</b>	4 930 977	5 072 457	4,915,863	7,190,838	6,275,391	6,287,894
<b>Current assets</b>	2 922 661	3 119 454	3,104,020	3,395,290	1,787,877	1,734,245
<b>Total assets</b>	7 853 638	8 191 911	8,019,883	8,491,014	5,959,862	5,867,100
<b>Equity attributable to owners of Kofola ČeskoSlovensko a.s.</b>	2 722 714	2 803 253	2,736,572	2,820,969	2,569,449	2,515,253
<b>Equity attributable to non-controlling interests</b>	1 864	48 724	2,896	49,233	7,380	4,971
<b>Total equity</b>	2 724 578	2 851 977	2,739,468	2,859,421	2,576,829	2,520,224
<b>Non-current liabilities</b>	1 546 481	1 726 447	1,580,357	1,750,669	1,029,534	986,258
<b>Current liabilities</b>	3 582 579	3 613 487	3,700,058	3,880,924	2,353,499	2,360,618
<b>Total liabilities</b>	5 129 060	5 339 934	5,280,415	3,880,924	3,383,033	3,346,876
<b>Total liabilities and equity</b>	7 853 638	8 191 911	8,019,883	3,880,924	5,959,862	5,867,100

Consolidated statement of cash flows	3M17***	3M16***	2016	2015**	2014	2013
	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000	CZK'000
<b>Net cash flow from operating activities</b>	(185,789)	(182,785)	655,330	935,241	962,426	686,880
<b>Net cash flow from investing activities</b>	(86,305)	(208,128)	(748,667)	(1,136,775)	(241,703)	(194,908)
<b>Net cash flow from financing activities</b>	25,957	(20,031)	(420,418)	1,546,637	(352,204)	(508,828)
<b>Cash and cash equivalents at the beginning of the period</b>	1,421,014	1,940,008	1,940,008	568,764	201,669	220,192*
<b>Cash and cash equivalents at the end of the period</b>	1,177,422	1,526,927	1,421,014	1,940,008	568,764	201,669

\* Including cash flow from deconsolidated companies as at 1 January 2013 (Megapack group), \*\* Restated, \*\*\* Unaudited financial statements. All FS stated at year ends have been audited.

# Contact

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Should you have any question related to Kofola Group  
do not hesitate to contact our investor relations office:

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